

**The Libman Group**

Report to the Highland Redevelopment  
Commission

For

The Town Theatre Project

July 21, 2014











# Format for Presentation

- Background
- Next Steps - Why Renovate?
- Future Programming
- Marketing Impact
- Budget Drivers
- Budget
- Questions

# Background

- Begin an assessment to determine the feasibility, cost and positive impact on the community of a renovation and new operating model.
- The Town Theatre, a 425 seat theatre built in 1946, holds an important emotional and symbolic place in the cultural landscape and history of Highland, Indiana.

# Next Steps - Why Renovate?

- A renovated Town Theatre also has the potential to serve as an important vehicle for the economic restoration of the downtown area.
- New arts venues generate patrons who will travel to see performances, and will spend additional dollars before and after a performance patronizing local restaurants.
- Patrons will shop in local stores boosting revenues for local merchants

# Next Steps - Why Renovate?

- Improve the quality of life in the community.
- Enhance the economy through the hiring of staff and local spending by the arts organization.
- Enhance the economy through extra spending by arts patrons.

# Key Statistics

- American for the Arts (a national arts service and research organization) estimates that *local* arts patrons spend an additional \$ 17.42 per patron per event, beyond the cost of admission to pay for parking, dine in restaurants, shop in local retail stores and have dessert on the way home.

# Additional Reasons

- Because of its relative small size, the Town Theatre is uniquely positioned to create special transformational experiences for the audience.
- Seating in a renovated Town Theatre will be closer to 280-320 seats.

# Future Programming

- The Town Theatre should develop programs that both restores the theatre to its glory days as a movie house and also present a variety of music concerts and comedy acts.

# Future Programming

- The film programming should not attempt to compete with larger for-profit traditional movie multiplex venues that show “first run” films. The goal should be to present films from among but not limited to the following:
  - American Classic
  - Independent
  - Foreign
  - Great American Song Book
  - Film Noir
  - Documentary
  - Academy Award Winning films before “X” year
  - Short Films

# Future Programming Annual Film Festival

- Present films that can only be seen at the Town Theatre during a brief period throughout the year.
- Partner with other film festivals.
- **Chicago Critics Film Festival**
- **Chicago International Film Festival**
- **Truly Moving Pictures/Heartland Film Festival - Indianapolis, IN.**

# Additional Programming

- Size of stage limits the type of performances.
- Music and Comedians
- Partner with Chicago organizations
- Jazz
- Blue Grass
- Blues
- Pop

# Marketing Impact

- In the area of film, two AMC Showplace Theatres in Schereville will control the local market for “first run” movies.
- There are other smaller venues that also present film, but focus on “after market-first run” movies.
- The Town Theatre needs to focus on a niche - in order to avoid competition that could impact ticket sales.

# Projected Drivers

- Budget - \$ 380,000 - 400,000
- Assume conservative projection of 40% sold for film
- Attendance
  - Year 1 : 13,530
  - Year 2: 22,470
  - Year 3: 29,700
- Most staff positions are filled with volunteers
- Assume license payments to film distributors of 40% of ticket sales. It would grow to 60% for “first run” films.

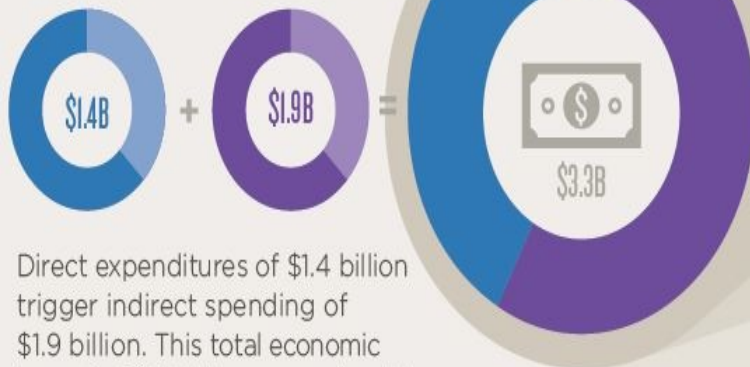
# Projected Drivers Economic Impact

- Additional Revenue spending @ \$ 17.42 per patron
- Year 1: \$ 235,693
- Year 2: \$ 391,427
- Year 3: \$ 517,374
- Operating Budget + Audience Spending =  
Total Economic Impact

# AN ECONOMIC ENGINE FOR THE PHILADELPHIA REGION

## TOTAL ECONOMIC IMPACT

**\$3.3 BILLION**



## DIRECT EXPENDITURES

**\$1.4 BILLION**

<b>ORGANIZATIONS:</b>	\$875 million
<b>AUDIENCES:</b>	\$521 million

## INDIRECT EXPENDITURES

**\$1.9 BILLION**

<b>ORGANIZATIONS:</b>	\$1,208 million
<b>AUDIENCES:</b>	\$655 million

## FULL-TIME EQUIVALENT JOBS

**44,000**

<b>ARTS + CULTURE:</b>	7,600
<b>OTHER INDUSTRIES:</b>	36,100

## RESIDENT HOUSEHOLD INCOME

**\$1.04 BILLION**

## TAX REVENUE

**\$169 MILLION**

<b>STATE:</b>	\$95 million
<b>LOCAL:</b>	\$74 million

## DIRECT EXPENDITURES

The first round of spending by organizations and audiences.

**EXAMPLE:** An organization creates jobs through its expenditures in the form of paychecks to its own employees.

## INDIRECT EXPENDITURES

Economic activity generated as cultural dollars make their way through the region's economy.

**EXAMPLE:** A restaurant owner hires a contractor to make repairs, with money made from cultural attendees.

# **The Economic Impact of the Nonprofit Arts and Culture Industry in the State of Illinois**

*Arts & Economic Prosperity IV* provides compelling new evidence that the nonprofit arts and culture are a significant industry in the State of Illinois—one that generates \$2.75 billion in total economic activity. This spending—\$1.56 billion by nonprofit arts and culture organizations and an additional \$1.19 billion in event-related spending by their audiences—supports 78,455 full-time equivalent jobs, generates \$2.3 billion in household income to local residents, and delivers \$323.6 million in local and state government revenue. This economic impact study sends a strong signal that when we support the arts, we not only enhance our quality of life, but we also invest in the State of Illinois's economic well-being.

# ARTS &



## ECONOMIC PROSPERITY<sup>IV</sup>

## *National Findings*

ECONOMIC IMPACT OF NONPROFIT ARTS & CULTURE INDUSTRY



**Organizations & Audiences Spent**

**\$135 Billion**

**Jobs Supported (FTE)**

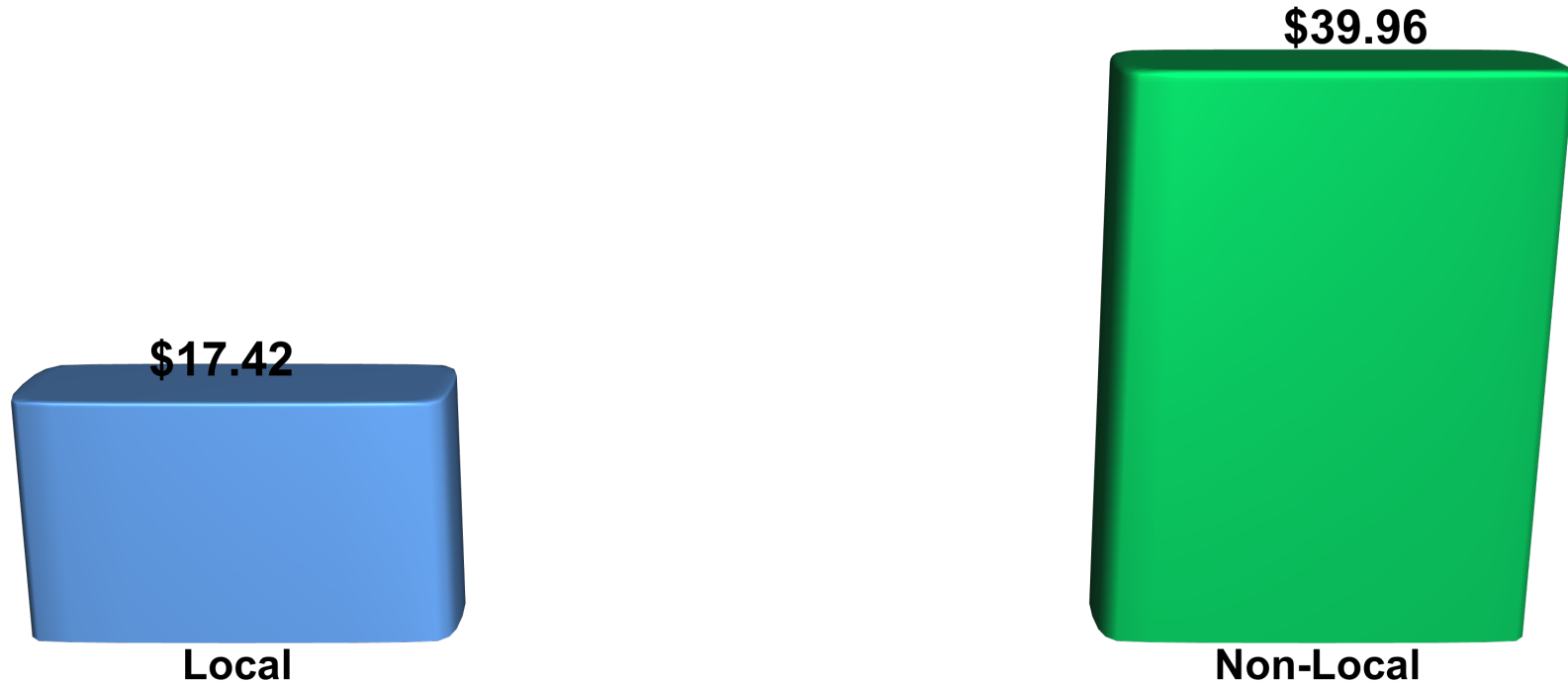
**4.1 Million**

**Local & State Government Revenue**

**\$22.3 Billion**

# Event-Related Spending

## *Local vs. Nonlocal Audiences*



59 percent of nonlocal attendees said: “this arts event is their primary purpose for their trip.”

	Year 1	Year 2	Year 3
<b>Earned Revenue</b>			
Tickets Sales - Film	99,840	153,600	192,000
Ticket Sales - Film Festival	0	18,000	36,000
Tickets Sales - Other	21,900	29,400	42,000
Hall Rent - arts organizations	3,000	3,000	6,000
Facility Rent - other	4,200	4,200	8,400
Refreshments/concessions	47,355	78,645	117,000
Sub total	176,295	286,845	401,400
<b>Contributed Revenue</b>			
Corporations	2000	2,500	3000
Foundations	3,000	5,000	5,000
Government	40,000	35,000	10,000
Individuals	25,000	25,000	25,000
Cap Campaign Op support	25,000	0	0
Sub Total	95000	67500	43000
<b>Grand Opening</b>			
Sponsorships	50,000	0	0
Tickets & Tables	45,000	0	0
Playbill Adverstising	10,000	0	0
Sub Total	105,000	0	0
<b>Total Income</b>	376,295	354,345	444,400

	Year 1	Year 2	Year 3
<b>Expenses</b>			
Salaries & Benefits	130,125	130,125	130,125
Consultants - Operations & Start up	18,500	0	0
Software	7,000	0	
Branding - Opening of Theatre	12,500	6,000	0
"Tuning" of Theatre before opening	3,500	0	0
Grand opening events	7,500	0	0
General & Administrative	15,200	15,200	15,200
Development	6,300	3,000	3,000
Building Operations	31,360	33,860	33,860
Volunteers & Ushers	1,500	1,500	1,500
Marketing & PR	14,500	20,500	25,500
Box Office	8,652	7,530	9,600
Web Site	600	1,600	1,600
Concessions	15,839	25,961	35,550
Film license	46,176	71,240	88,800
Film Festival	0	7,745	15,500
Artist Fees & Production Costs	12,500	15,300	20,750
Education & Outreach	2,000	2,000	2,000
Contingency	3,338	3,416	3,830
Total Expenses	337,089	344,977	386,815
<b>Net Surplus</b>	39,206	9,368	57,585

# Projected Drivers Economic Impact

- Additional Revenue spending @ \$ 17.42 per patron
- Year 1: \$ 235,693
- Year 2: \$ 391,427
- Year 3: \$ 517,374
- Operating Budget + Audience Spending = Total Economic Impact
- Year 1: \$ 340,000 + \$ 235,693 = \$ 575,693

# Next Steps

- Architects need to determine the cost to renovate the Town Theatre, including the cost of theatrical and film equipment needed to operate the venue.
- Once the cost is determined, the town should assess if through a combination of bond funds and private donations, the necessary funds can be raised.
- Hire a Theatre Manager.

# Next Steps

- Often “operating support” is built into the Capital Campaign because the theatre cannot generate revenue until it opens.
- Conduct a survey of local businesses and arts organizations to assess how they would rent a renovated Town Theatre.
- Create a web site that allows the community to follow the progress of the renovations.

## Next Steps

“Whatever you can do or  
dream you can, begin it.  
Boldness has genius,  
power and magic in it.  
Begin it now.”

By Goethe